



Date: November 22, 2011

To: Thomas J. Bonfield, City Manager

Through: Wanda S. Page, Deputy City Manager

**From: David Boyd, Finance Director
Joseph W. Clark, Financial Operations Manager
Paul Mason, General Billing and Collection Manager**

Subject: Contract for False Alarm Billing and Tracking Services

Executive Summary

The contract under consideration will provide the City with a turnkey solution for False Alarm Billing and Tracking Services.

In January 2006, the City Council adopted a new False Alarm ordinance (#13194). The purpose of the new ordinance was to encourage more responsible use of alarm systems and to reduce the number of false alarms to which Police and Fire personnel must respond.

Responding to false alarm calls by Police and Fire involves an enormous amount of personnel time and related equipment use that creates an unnecessary expense. Growing concerns about the number of false alarm calls that the Police and Fire Departments receive on a monthly basis revealed the need to establish a way to help further reduce and eliminate as many false alarm calls as possible.

Currently, staff from Police, Fire, Emergency Communications, Finance, and Technology Solutions all have a role in the day-to-day administration of the false alarm ordinance.

The administration recommends that the City outsource the management of the false alarm program to Public Safety Corporation (PSC). The solution proposed by Public Safety Corporation will be more comprehensive, efficient and cost effective than the City's current method of operation.

The total estimated cost of the contract is \$81,250 per year, and \$243,750 over a three-year period. Funding for this contract is available from the revenues collected.

The Equal Opportunity/Equity Assurance Department reviewed the bid submitted by Public Safety Corporation of Waldorf, Maryland and have determined that they are in compliance with the Ordinance to Promote Equal Opportunities in City Contracting. There were no SDBEs to provide this product.

Recommendation

That the City Manager be authorized to enter into a contract with Public Safety Corporation for False Alarm Billing and Tracking Services in the estimated amount of \$243,750 and be authorized to execute all relevant contracts, and

That the City Manager be authorized to modify the contract before execution provided that modifications do not increase the dollar amount of the contract and are consistent with the general intent of the existing version of the contract.

Background

In January 2006, the City Council adopted a new False Alarm ordinance (#13194). The ultimate goal of the false alarm ordinance was not to generate revenues, but to educate alarm users on how to be more responsible, which will ultimately reduce the number of false alarms, which lowers the costs of Police and Fire personnel responding to such alarms.

A large number of daily alarm dispatches called into the Emergency Communications Center are false alarms. Many of these alarms are due to accidental tripping of the alarm, a pet tripping the alarm, initial testing of the equipment, improperly installed or adjusted equipment, or faulty equipment. Whatever the reason, Durham emergency personnel resources are dispatched for each alarm called into the Emergency Communications Center by an alarm monitoring company.

Responding to false alarm calls involves an enormous amount of personnel time and related equipment use that creates an unnecessary expense. Growing concerns about the number of false alarm calls that the Police and Fire Departments receive on a monthly basis revealed the need to establish a way to help further reduce and eliminate as many false alarm calls as possible.

Currently, staff from Police, Fire, Emergency Communications, Finance, and Technology Solutions all have a role in the day-to-day administration of the false alarm ordinance.

Issues/Analysis

The administration is looking for a more effective method to manage the false alarm program (which includes tracking the number of false alarms, generating invoices, and collecting payments) and to decrease the number of false alarms that emergency personnel must respond to on a yearly basis. City staff is currently trying to manage the false alarm program with limited resources and a lack of automation.

The administration recommends that the City outsource the management of the false alarm program to Public Safety Corporation (PSC). PSC is highly experienced and recommended and will use their CryWolf False Alarm Solutions software to automate the program.

CryWolf is a patented false alarm management solution, which tracks false alarms, processes invoices, and collects payment for jurisdictions of all sizes. The CryWolf program will interface directly with the City's OSSI SunGard Emergency dispatch system, which allows the system to receive alarm incident information.

PSC is the oldest and largest provider of false alarm solutions in North America and has helped more than 200 agencies supporting more than 450 cities, counties, and other municipalities throughout the United States and Canada. PSC also has an exceptional record of accomplishment of reducing the number of false alarms by 30% or more.

PSC is currently providing solutions for 13 North Carolina jurisdictions – Asheville (Buncombe County), Cabarrus County, Charlotte-Mecklenburg, Concord, Fayetteville, Greensboro, Greenville, High Point, Huntersville, Jacksonville, Kannapolis, Matthews, and Rocky Mount.

The solution proposed by Public Safety Corporation will be more comprehensive and cost effective than the current system.

Utilizing the proposed solution the City will benefit from:

- Enhanced program efficiency
- Minimal program funding requirements and increase net revenue
- Enhanced customer service capabilities with on-line processing of permit payments processing, and user training
- Adequate program staffing
- The ability to re-direct emergency personnel to critical public safety priorities
- The ability to re-direct non-emergency personnel to other critical functions
- Educational program – PSC educates users on how to avoid setting off false alarms

The chart below gives an indication of the number of false alarms:

City of Durham False Alarms by Month

	CY 2003	CY 2004	CY 2005	CY 2006	CY 2007	CY 2008	CY 2009	CY 2010
Jan	1,277	1,463	2,496	1,876	1,005	601	748	793
Feb	1,432	977	1,068	1,522	960	701	748	784
March	1,550	1,480	1,112	1,727	936	975	817	860
April	1,293	1,439	1,186	1,679	1,135	966	740	984
May	2,504	1,191	1,143	1,723	1,230	1,181	732	968
June	1,811	1,355	1,256	1,929	1,748	895	1,036	1051
July	1,755	1,314	985	1,983	1,667	1,032	715	1107
Aug	702	1,252	1,284	1,713	1,278	658	900	764
Sept	979	1,038	157	1,673	1,158	649	738	883
Oct	2,635	1,130	476	1,606	1,502	625	739	493
Nov	796	404	652	1,440	1,206	881	857	749
Dec	1,137	1,301	151	1,058	1,186	720	922	1084
TOTAL	17,871	14,344	11,966	19,929	15,011	9,884	9,692	10,520

This proposed contract has no startup costs. PSC only receives payment when they are successful in the collection of false alarm revenues. The contract uses a revenue sharing model that would cover the cost of running this program.

City Revenue Share: 60% – 80%, depending on collections.

<u>Collected Revenue Each Contract Year</u>	<u>PSC Revenue Share</u>
0 - \$100,000	40%
\$100,001 - \$200,000	30%
\$200,001 and up	20%

Our internal review indicates that the cost of this contract will have a minimal impact on the net revenue for the false alarm program. Agencies using PSC have historically experienced higher collection rates resulting in an increase in revenues.

In addition, if implemented, there will be a communication and marketing campaign explaining the upcoming changes. City administration will inform residents about the change through information on the City website, and through an insert in the water bills. PSC will be the primary point of all alarm response questions. PSC will also notify those with registered alarms about the transition. Residents with questions will be directed to the PSC website or provided with a telephone number to contact PSC staff.

Alternatives

One alternative would be to purchase software such as CryWolf and manage the program in-house. This solution would address the lack of automation, but may not have an effect on driving down the number of false alarms.

Another alternative would be to continue operating as usual. This solution does not address the lack of automation and does not help to reduce the number of false alarms.

The administration believes that the proposed outsourcing solution is the best solution. It addresses the lack of automation, it will help reduce the number of false alarms, it does not require any additional staffing, and it frees up existing staff to work on other mission critical functions.

Financial Impact

The total estimated cost of the contract is \$81,250 per year, and \$243,750 over a three-year period. Funding for this contract is available from the revenues collected.

SDBE Summary

The Equal Opportunity/Equity Assurance Department reviewed the bid submitted by Public Safety Corporation of Waldorf, Maryland and have determined that they are in compliance with the Ordinance to Promote Equal Opportunities in City Contracting.

SDBE REQUIREMENTS

There were no SDBEs to provide this Product.

WORKFORCE STATISTICS

The workforce statistics for Public Safety Corporation are as follows:

Total		
Workforce	34	100%
Total Females	28	82%
Total Males	6	18%
Black Males	0	0%
White Males	5	15%
Other Males	1	3%
Black Females	2	6%
White Females	24	70%
Other Females	2	6%